

COMMONWEALTH OF VIRGINIA

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SENATOR MAMIE LOCKE, Vice Chair
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VIRGINIA HOUSING COMMISSION

AGENDA

Affordability, Real Estate Law, and Mortgages Work Group House Room C, General Assembly Building July 19, 2011, 10:00 A.M.

Members Present: Delegate Glenn Oder, Delegate Daniel Marshall, Mark Flynn, Judson McKellar, Kelly Horne, Brian Gordon, J.G. Carter, Connie Chamberlin, Alexander Macaulay, Chip Dicks, R. Schaefer Oglesby, Tyler Craddock, and Joe Hudgins for Robert Bradshaw

Staff Present: Elizabeth Palen and Beth Jamerson

I. Welcome and Call to Order

- **Delegate Glenn Oder, Chair**
 - o The meeting was called to order at 10:09 a.m.

II. Manufactured Home Titling

- **Tyler Craddock**; Executive Director, Virginia Manufactured and Modular Housing Association (VMMHA)
 - o **Tyler Craddock** introduced himself and thanked the work group for its consideration of the problems involving manufactured home titling. The impetus for coming before the Commission and preparing the proposal, came from one of VMMHA's members, Wells Fargo.
 - o **Tyler Craddock** explained that the proposal describes a method by which a manufactured home can be titled as real property, and at a later date the home can revert back to personal property and be removed from the land to which it had previously been attached. He acknowledged that the proposal will interest stakeholders for a number of reasons.
 - o **Tyler Craddock** explained that although he believes most stakeholders will likely agree with the proposal, namely, providing a clear, marketable title for all manufactured homes in Virginia, he recognizes that there are logistical issues that need to be addressed. VMMHA continues to consider the legislation to ensure there are no unforeseen negative impacts on its members. The issue was brought the Commission's attention to provide all stakeholders with an opportunity to review any issues regarding the proposed legislation.

DELEGATE DAVID L. BULOVA
DELEGATE JOHN A. COSGROVE
DELEGATE ROSALYN R. DANCE
DELEGATE DANIEL W. MARSHALL, III
DELEGATE G. GLENN ODER

SENATOR MAMIE E. LOCKE
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SENATOR MARY MARGARET WHIPPLE

MARK K. FLYNN
T.K. SOMONATH
MELANIE S. THOMPSON

- o **Tyler Craddock** then introduced Marc Lifset of McGlinchey Stafford PLLC, who presented the proposal in greater detail.
- **Marc Lifset**; McGlinchey Stafford PLLC
 - o **Marc Lifset** explained that the goal of the proposed legislation is to improve Virginia's statutory conversion procedure to characterize a manufactured home affixed to land as real property. Part of the problem with the current conversion procedure is the need for capital for financing manufactured homes. Investor eligibility guidelines for purchasing low-interest loans secured by manufactured homes and land are dictated primarily by Freddie Mac and Fannie Mae. In determining those guidelines, Freddie Mac and Fannie Mae look for state law that provides a clear conversion procedure where the title document is eliminated, the home is installed in accordance with the state's installation procedures law, land-home properties are encumbered by a mortgage or a deed of trust, there is an American Land Title Association manufactured housing endorsement and a title insurance policy can be issued, and the policy can be enforced by traditional foreclosure methods.
 - Major issues with manufactured home titling in Virginia derives from ignorance in the past on the proper method of titling homes affixed to real estate. The problem occurs with an existing home affixed to a permanent foundation that is being taxed as real estate, where a title has never been issued or surrendered, and the manufacturer's certificate of origin or certificate of title is unavailable. This essentially renders the title unmarketable. Most major lenders will not lend against that type of property; a homeowner cannot sell, and a purchaser cannot obtain title insurance.
 - o **Mark Flynn**, of the Virginia Municipal League, asked for clarification of the issue Mr. Lifset had just raised. The manufactured home has a certificate of origin and title through the Department of Motor Vehicles (DMV) until the home is converted by the owner to real estate.
 - **Marc Lifset** responded that in Virginia, the purchaser has to first obtain a title to the home, and then surrender that title. In many other states, with a first retail sale, the purchaser can obtain the manufacturer's certificate of origin from the retailer and surrender that instead. In Virginia there is a two-step process: the purchaser has to obtain title and then surrender the title.
 - o **Mark Flynn** expressed his concern over the availability of manufactured housing to disabled veterans. Manufactured homes that are still classified as personal property are not available to a disabled veteran for tax relief, but manufactured homes that have been converted to real estate are eligible for the tax credit.
 - o **Delegate Marshall** asked Mr. Lifset about the tax difference between the current law in Virginia and the proposed legislation; specifically, whether localities will lose money.
 - **Marc Lifset** replied that the proposed legislation is tax neutral.

- o **Delegate Marshall** asked how the proposal would affect the owner of a manufactured house on a rented lot.
 - **Marc Lifset** responded the bill provides that leasehold interests are eligible for conversion if it is subject to a long-term lease. This approach follows Fannie Mae guidelines. Wells Fargo would likely be negotiable on this point and the proposal could be changed to allow for a short-term lease. However, financing will be difficult to obtain without a long-term lease, because lenders do not want to make a loan against the property where the lease is then terminated.
- o **Delegate Marshall** asked whether a manufactured house on land owned by the owner of the home is appraised as a stick-built house?
 - **Marc Lifset** replied that in that situation, the manufactured home is appraised in the same way as a stick-built house.
- o **Delegate Marshall** inquired about a situation in which the owner decides to replace the existing manufactured home with another manufactured home.
 - **Marc Lifset** replied that the proposal includes a formal procedure by which the home is severed and a land record is created that shows the home is no longer real estate. The new home would be placed on the existing land, the owner would go through the conversion procedure again, and then the home would be reappraised.
- o **Delegate Marshall** asked whether the legislation would apply to all manufactured homes and modular homes.
 - **Marc Lifset** answered that the bill would apply only to manufactured homes.
- o **Connie Chamberlin**, from Housing Opportunities Made Equal (HOME) asked Mr. Lifset about the purpose of the legislation; whether it is to enable financing for the purchase of the home or for refinancing, or borrowing to create equity.
 - **Marc Lifset** responded that the legislation would help to enable all types of financing. The problem described earlier with existing homes would involve refinancing or consumer-to-consumer sales. There are additional problems as well. Once the title is surrendered to the Department of Motor Vehicles (DMV) there is no record at the DMV that shows the title has been surrendered, and there is nothing in the land records that show the home has been converted to real estate and the title surrendered. This makes the title issues difficult. Another problem involves the informal methods that exist from county to county. This poses a challenge to lenders who not only deal with differences among states, but now also have to deal with the differences among counties within the state. Additionally, with the sale of a new home, it is preferable to allow for a sale where the manufacturer's certificate of origin can be obtained at the sale of the home and surrendered instead of the title.
- o **Marc Lifset** clarified that the proposed legislation does not create new law, but rather attempts to strengthen a process that already exists.

- **Delegate Marshall** asked how the interstate sale of a manufactured home is affected by title issues.
 - **Marc Lifset** replied that once the owner has surrendered title and completed the conversion process, the home, along with the land, is treated as a stick-built home and the home and the land are conveyed together by a deed. If the owner sells his home to someone who wants to take it to another state, he would follow the severance procedure to remove it from the real estate, and the buyer would move the home and re-title it in that state.
- **Delegate Oder** asked Mr. Lifset what the proposed legislation would change and why it is needed in Virginia.
 - **Marc Lifset** answered that a problem arises when a manufactured home is affixed to land and taxed as real estate, and there is no title and no certificate of origin. The legislation seeks to create a system where there are parallel records of the home being converted to real property in both the local land records and the DMV's records. Keeping parallel records would allow a title searcher or title company to check on the status of the home and feel comfortable issuing title insurance.
- **Delegate Marshall** explained that when a person buys a vehicle, he pays 3% title tax on the vehicle rather than the 5% sales tax; when a person buys a stick-built house, he pays 5% sales tax. He asked Mr. Lifset how a buyer of a manufactured home is taxed currently.
 - **Marc Lifset** replied that as of today, they buyer would pay a 3% titling tax under the statutory procedure.
- **Delegate Marshall** asked if the 3% titling tax is eliminated by the proposed legislation, whether the buyer would then pay the 5% sales tax.
 - **Tyler Craddock** responded that he is not sure what taxes will be paid under the proposed bill, but assured the Commission that the legislation is not intended to negatively impact tax money that counties currently receive. This is an issue to keep in mind going forward.
- **Marc Lifset** reiterated that in ten years the legislation will be tax neutral, and if the bill needs to be changed so that the same tax is levied when the title is turned in, his clients have no objection to that change.
- **R. Schaefer Oglesby**, with Virginia Association of Realtors (VAR), described his personal experience with manufactured housing taxes. He purchased a manufactured home that was affixed to land and converted to real estate. When the title was transferred to him, the DMV collected the tax. If a certificate of origin takes the place of the title for surrender purposes, some type of safeguard should be included in the bill to ensure the appropriate taxes are still collected.
- **Mark Flynn** asked Mr. Lifset whether he has any evidence of the tax neutrality of the bill. He inquired if an issue exists where a manufactured home is taxed as personal property, and the rate is much higher than traditional real estate. The depreciation rate on the unit brings down the

value pretty fast. With real estate, there is a lower rate but the manufactured home is valued differently. He inquired whether this is a factor for tax neutrality.

- o **Delegate Oder** assured Mr. Flynn that he expects Mr. Craddock is fully aware that under the proposed bill there are tax implications that need to be resolved.
- o **Marc Lifset** continued his presentation by providing an overview of the entire proposed legislation. It focuses on “HUD Code” homes, which are homes that are manufactured homes constructed in accordance with the HUD Code. These homes are built on a chassis and transported to the site on wheels and axels. Under the legislation, the home is affixed to a permanent foundation, taxed as real property, and the land and home are conveyed in a single real estate conveyance transaction and encumbered in the same way. The home is insured under a standard title policy with an ALTA 7.1 manufactured housing endorsement, and the deed of trust is enforceable under state real property law. There is evidence of the chain of title and lien priority in local land records as well as personal property records, and the legislation integrates the two records with existing law.
- o **Marc Lifset** described the formal steps for converting a home. First the home is affixed to a permanent foundation in accordance with federal and state installation standards. An affidavit of affixation is executed by the homeowner and recorded in the land records of the county where the home is affixed. This declares the homeowner’s intent for the home to be considered a permanent fixture to the real estate, and would include a description of the home. Then any existing title documents and security interests are “retired,” or accounted for; any security interests on the home as personal property would have to be released and the title or manufacturer’s certificate of origin surrendered to the DMV. Finally, this process is done by filing a copy of the recorded affidavit of affixation along with the manufacturer’s certificate of origin or the certificate of title with the DMV.
- o **Marc Lifset** explained the key defined terms in the proposed legislation. The definition of “manufactured home” in the bill is the definition of “manufactured home” that exists in the HUD Code and the Virginia Uniform Commercial Code. “Affixed to a permanent foundation” is defined as a foundation that is constructed in accordance with local law and state installation standards, properly installed and inspected, and hooked up to utilities.
- o **Marc Lifset** reiterated that the goal of the legislation is for a home affixed to land to be classified as real property where the owner of the home owns the land as well or occupies the land under a long-term lease.
- o **Mark Flynn** asked Mr. Lifset if the bill contains a definition of “long-term.”
 - **Marc Lifset** responded that he believes “long-term” means a minimum of 20 years. He explained that investor guidelines typically require a long-term lease on a converted manufactured

home and land to run at least five years longer than the term of the financing. However, lenders will communicate their particular guidelines to homeowners who want to obtain financing for a long-term lease.

- o **Marc Lifset** explained another feature of the bill, which deals with the time the security interest is perfected in lien priority. Under existing Virginia law, lien priority is determined by the First-To-File Rule; the first person who files his application with the court to put a lien on the certificate of title is the first lien holder. However, there are a variety of delays that can arise in the titling process, and there are situations in which homeowners would take out a loan and file bankruptcy shortly thereafter. In that instance, the trustee in bankruptcy would prevail over the lender in terms of lien priority.
 - To combat this problem, there is a provision in the bill that says between a purchase money security interest lender and a lien creditor, such as a bankruptcy trustee, the purchase money security interest lender would prevail on a priority claim. This is intended to protect the integrity of the financing process.
 - This provision is in place in New York, Missouri, Nebraska, and North Dakota, and it seems to be working very well. Additionally, following the bill, state-specific legislation has been drafted and passed into law in North Dakota and Missouri. The bill has also served as a model for key modifications to the manufactured home titling laws of Colorado, Iowa, Louisiana, Nebraska, and Tennessee. This draft of the legislation has also been introduced or is under consideration in Alaska, Illinois, Maryland, New York, Mississippi, and Ohio.
- o **Chip Dicks**, with VAR, asked Mr. Lifset a question with respect to zoning. A number of localities have requirements where you have to get a special exception or a special use permit to have a manufactured home. Does the legislation address the immersion from personal property into real property and what is its effect on the zoning requirements of the locality with respect to special exceptions and special use permits?
 - **Marc Lifset** answered that the legislation provides that once the conversion procedure is completed, the home is treated as real property for all purposes. However, the bill is zoning neutral, so any rules that are in place currently or introduced in the future would continue to apply.
- o **Chip Dicks** asked about the relevance of Chesterfield County's special exception process, which requires a special exception every five years for any manufactured home. Since the legislation is zoning neutral, he assumed it would not change the position of the locality, the property owner, or the manufactured home owner and they would still need to go through the same special exception process.
 - **Marc Lifset** replied that they would indeed still participate in the special exception process.

- o **Chip Dicks** asked whether there are Uniform Statewide Building Code requirements that apply to the installation of a manufactured home, and if a Building Code official would inspect the property upon completion of the installation to determine that it complied with the Building Code.
 - **Marc Lifset** responded that yes, that is correct. At the end of the installation process state law requires a certificate showing the home was properly installed and the inspection was certified.
- o **Chip Dicks** asked how the legislation deals with landlord-tenant situations where the landlord owns the land on which the tenant's manufactured home is affixed. Under current landlord-tenant procedures, the landlord can dispossess the tenant from his property if he fails to pay lot rent. He asked Mr. Lifset whether the legislation changes this procedure, and whether the landlord is evicting the tenant from the lot alone, or the lot and the home since collectively they are classified as real property. Additionally, he asked Mr. Lifset what the status of the lender is upon eviction of the tenant from his property. Assuming the perfected security interest of the lender has priority over the landlord, he wondered if it would be difficult for the landlord to evict the tenant if the landlord is in a subordinate position to the lender, and asked what responsibility, if any, the landlord owes the lender
 - **Marc Lifset** asked Mr. Dicks under current procedure, when the homeowner goes through the title surrender process, whether there is a requirement that the homeowner own the real estate.
- o **Chip Dicks** responded that under the current process, if the tenant fails to pay rent, the landlord can evict the manufactured home off his lot. He asked Mr. Lifset how landlord-tenant issues will be resolved under the new conversion process.
 - **Marc Lifset** answered that in that situation, the lender has security in two forms: a lien against the home and a lien against the leasehold interest, which would be subject to the landlord's rights. The landlord has no rights in the home other than what he can gain by way of enforcing his landlord's lien. The legislation would not change this; the process of dispossessing the tenant would be the same.
- o **Chip Dicks** pointed out that although the legislation does not contemplate any change with respect to that situation, if the courts were to rule that the lot owner no longer had a right to evict the manufactured home from the lot because it has become real property, then that would dramatically change the landlord-tenant laws as they exist today.
 - **Marc Lifset** reiterated that the goal is not to change landlord-tenant laws, and if there needs to be clarifying language that addresses that situation he has no objection.
- o **Chip Dicks** asked Mr. Lifset what he thinks the law should be, based on his experience in other states, with respect to that circumstance. He asked whether the lot owner should be able to dispossess the entire manufactured home from the lot.

- **Marc Lifset** answered that the lot owner should indeed be able to evict the manufactured home from his lot for failure to pay rent.
- **Delegate Oder** agreed.
- **John Rick**, with VMMHA, acknowledged that there are two types of landlords: the owner of a manufactured home community (formerly known as a mobile home park) who rents out lots of land to which the homes never become permanently attached, and the owner of a piece of land who typically rents to a friend or family member. In the former situation there is no realty status, but in the latter situation, there may be a realty status because the home may become affixed to the land. He suggested one solution is to exempt manufactured home communities from the effects of the bill. Typically, the homes in a manufactured home community are under leases with one-year terms, and the homes are therefore not given realty status.
- **Marc Lifset** explained that the bill currently requires the written consent of the landlord for a home under leasehold status to be eligible for the conversion procedure. Therefore the landlord is in the position to include appropriate terms in the lease to address this type of situation.
- **Delegate Oder** expressed his concern for landlords of subdivisions made up entirely of manufactured homes that are permanently affixed to the land and intend to remain on that lot indefinitely. The homes in these subdivisions are purchased and sold like the houses in a subdivision of stick-built homes.
- **Delegate Marshall** asked if the key defined term “affixed to a permanent foundation” is already in the Virginia Code.
 - **Marc Lifset** replied that that “affixed to a permanent foundation” is not defined in the legislation because Virginia state law already defines that term.
 - **John Rick** explained that the surrender statute in the Virginia Code, § 46.2-653, explains when a manufactured home is deemed real estate. The Virginia Uniform Statewide Building Code has defined a permanent foundation as a cinderblock wall, piers (which is what most manufactured homes are affixed to), or wooden pylons.
- **Connie Chamberlin** asked Mr. Lifset for clarification regarding the bill’s effect on the bankruptcy process and landlord-tenant issues, and whether manufactured housing is protected or exempted under the legislation.
 - **Marc Lifset** answered that the manufactured home would be part of the tenant’s bankruptcy estate, and would therefore be treated no differently than a stick-built home on a leasehold interest. There is an examination to determine whether the tenant is planning to reinstate the lease by bringing it current or reject the lease and allow himself to be dispossessed. Mr. Lifset explained that he is unaware of any circumstances in which the home would be exempt. The manufactured home is treated as real property under the Bankruptcy Code, and the homeowner has the same rights and obligations as any real property owner.

- o **Connie Chamberlin** asked how this bill would change the impact on the tenant.
 - **Marc Lifset** explained that the bill would not change the bankruptcy treatment of a manufactured home that has been converted to real estate. However, it would change the bankruptcy treatment of a manufactured home that is not converted into real estate by requiring the homeowner to honor the obligations on the home in full instead of permitting him to modify the lien in what is known as a “cramdown.”
- o **Delegate Oder** asked Mr. Craddock what he would like to see the Commission do with his proposed model, and whether he has been working with DHCD and the Virginia Housing Development Authority (VHDA) on this issue.
 - **Tyler Craddock** answered that the VMMHA has brought this issue to the attention of nearly every interested group. He explained that VMMHA wanted this issue to be heard before the work group on behalf of its member, Wells Fargo, so that concerns from all stakeholders could be discussed and any unforeseen consequences determined, such as the tax issues Delegate Marshall and Mr. Flynn pointed out. He admitted that some of the logistical concerns are still being considered, such as what impact this bill might have on retailers, but that those issues should be resolved shortly by the group.
- o **Delegate Oder** recommended the proposal be drafted as a Virginia bill, so that by the next meeting there is a bill draft. He also recommended holding another work group meeting before the next full Commission meeting so that if all the issues are reconciled the bill can be presented to the full Commission in September. He further recommended drafting the bill to be more concise, and to address any current problems that exist in Virginia. He pointed out that this bill could have unintended tax, foreclosure, and zoning consequences, and they need to make clear exactly what problems the bill resolves.
- o **Delegate Marshall** asked that Mr. Craddock send a copy of the bill draft to work group members before the next meeting.
- o **Delegate Oder** asked Mr. Craddock to include input from DHCD and the Manufactured Housing Board when drafting the bill.
- o **Chip Dicks** suggested discussing the dual filing process in more detail at the next meeting, which will likely interest Clerks of Court and the Tax Department.
- o **Bill Shelton**, the director of DHCD, asked that the DMV be included in that discussion as well.
- o **Mark Flynn** asked that the zoning impact also be discussed at the next meeting.
- o **Delegate Oder** encouraged Mr. Craddock and his participating organizations to meet with all interested parties and discuss potential

consequences to their interests before the next meeting to be held September sixth.

III. Manufactured Home Installation

- **Mary Brown;** Manufactured Home, owner
 - **Mary Brown** described how she spent \$23,000 on a new, four-bedroom manufactured home and lived there for seven years. She claims the home was not set up properly, and as a result, water leaked into the home through the roof and ruined the home. She is no longer able to live in the home.
 - **Delegate Oder** explained to Ms. Brown that this is an issue that is covered by the Manufactured Housing Board at Department of Housing and Community Development (DHCD), and asked her if she had been before them.
 - **Mary Brown** responded that she went to DHCD's Board. They inspected the property and made an award, but she does not feel it is adequate.
 - **Delegate Oder** asked Ms. Brown if she has sought legal advice since she was dissatisfied with the response from the Manufactured Housing Board.
 - **Mary Brown** said that she had, but none of the lawyers she met with would take her case.
 - **Delegate Oder** asked Ms. Brown if she had been to Legal Aid.
 - Ms. Brown replied that she had, but was told there was nothing they could do; the issue arose eleven years ago. She added that both her mother and friend have had similar issues with their own manufactured homes.
 - **Delegate Oder** inquired whether all the homes were from the same manufacturer.
 - **Mary Brown** replied that they had all come from the same retailer.
 - **Delegate Oder** explained to Ms. Brown that the Commission is responsible for reviewing legislation, not individual cases. He asked her what she wanted the Commission to do to help.
 - **Mary Brown** asked that manufactured homes be looked into more carefully before laws are passed. She summarized that she feels the manufactured home companies are continually going out of business and filing bankruptcy; this creates a problem for consumers.
 - **Delegate Oder** suggested that perhaps that issue is something that the Commission could look into at a future meeting. He explained that although he empathizes with her situation, there is nothing he can do to help resolve her situation. He offered his sympathy for her plight, but he stressed that he is just not equipped to solve her problem.
 - **Delegate Marshall** asked Ms. Brown whether she purchased the home from the same company that installed the home or if the home and the installation service were purchased separately.
 - **Mary Brown** replied that she purchased both the home and installation together from the same company.

- o **Delegate Oder** asked Ms. Brown if there is anything else she can think of that the Commission can look into at a future meeting.
- o **Delegate Oder** advised Ms. Brown to go back to Legal Aid to see if they are able to resolve her issue.

IV. SB 830 Fair Housing Law (Locke 2011), and HB 1578; Fair Housing Law (Dance, 2011)

- **Chip Dicks**; Manager, FutureLaw, LLC
- **Mark Flynn**; Director of Legal Services, Virginia Municipal League
 - o **Delegate Oder** noted that the Housing Commission considered this bill last year. It went before the General Assembly, the response was not favorable, and it was subsequently sent back to the Commission for further consideration.
 - o **Chip Dicks** elaborated on the history of the bill. Last year, the Housing Commission worked on the language of the bill to adequately address the concerns of localities and other parties. However, once the bill went before the General Assembly, members expressed concerns that localities' input in the zoning process would be compromised. In terms of dispersal of affordable dwelling units, they were concerned that when a case goes through the zoning process, the citizens of the community would want to know whether the building was going to operate as a Low-Income Housing Tax Credit property and if the owner would accept Section 8 units or if they were intended as market-rate units. Ultimately, legislators felt that the ability of localities and communities to participate in the zoning process or other land use regulatory processes would be compromised. As a result, the Housing Subcommittee felt this issue needed further study, and asked for clarification regarding what existing problems the legislation sought to fix.
 - o **Mark Flynn** explained that the fundamental concept of this legislation is that localities should not discriminate against affordable housing. The problem with the bill is that localities have a legitimate purpose in community planning and approving areas for affordable housing. The localities' interest in planning extends beyond affordable housing to every kind of land use, including manufacturing and commercial uses. Last year's discussions involved whether the language in this bill could be used against localities that are engaged in a legitimate zoning process. The language could be perceived to say that in fact discrimination against affordable housing is a factor in the zoning process. While local governments have no issues with the concept of the bill, the language should accommodate the legitimate goals of localities. Another more technical issue is which section of the Code should be incorporated to reach the goal. This particular section deals with someone refusing to negotiate for the sale or rental of a dwelling based on race, color, religion, national origin, sex, elderliness, or familial status. Subsection B changes the scale of this section of the Code, focusing it on affordable housing in general as opposed to the protected classes.
 - o **Delegate Oder** asked Mr. Flynn if he has had the opportunity to discuss the bill with Senator Locke or Delegate Dance.

- **Mark Flynn** answered that he had not spoken with either of them about this bill yet.
- o **Delegate Oder** asked Mr. Flynn whether he would be amendable to a discussion of the bill with the legislators.
 - **Mark Flynn** answered that he would confer with them about the bill.
- o **Delegate Oder** noted that last year the Housing Commission sent this bill to the General Assembly without these concerns, but when it went before the subcommittee these concerns were raised by several of the members. Now is the time to either fine-tune the bill or ensure it doesn't come up again. He asked Mr. Flynn and Mr. Dicks to spend some time meeting with Senator Locke and Delegate Dance and redraft the bill to address those concerns that were raised in subcommittee. He asked Mr. Dicks whether he had any other concerns regarding the bill.
 - **Chip Dicks** answered that he agreed with Mr. Flynn that the language should be redrafted in a different section of the Code. There was also a concern raised in subcommittee about the fact that the language, as drafted, takes away a significant authority from localities. The localities want to have the freedom to decide that there are sufficient Low-Income Housing Tax Credit projects and enough affordable dwelling units in regular developments so that it can build a market-rate housing project. Localities want the authority to provide citizens with market-rate units when they are requesting that type of housing. Everyone on the Housing Commission agrees there should be no discrimination of protected classes with respect to housing. As was pointed out last year, the current law already prohibits discrimination. Another issue is that localities want the authority to prohibit a developer from introducing Section 8 housing into a development if he is unable to achieve occupancy.
- o **Delegate Oder** asked Mr. Dicks and Mr. Flynn to meet with Senator Locke and Delegate Dance to resolve the matter so that the Commission can determine whether or not to endorse the bill again this interim.

V. Public Comment

- There was no public comment.

VI. Adjourn

- The meeting was adjourned at 11:20 a.m.